

HEARING DIVISION PROPOSED AMENDMENT #1

TIME/DATE PREPARED: June 3, 2014 at 3:



COMPANY: Chaparral City Water Company AGENDA ITEM

DOCKET NO.: W-02113A-13-0118

OPEN MEETING DATE: 6/10/14 and 6/11/14

The purpose of this amendment is to correct the cost of debt from 4.565 percent to 5.152 percent, and to make changes necessitated by that correction.

This amendment also corrects clerical errors and adds a separate Irrigation and Hydrant commodity charge. Exhibit C to the ROO erroneously included Irrigation and Hydrant commodity charges in tiered rates.

Page 14, Line 6:

DELETE: "we find that Cash Working Capital in the amount of (\$69,578) is reasonable and appropriate in this case, for a Total Working Capital Allowance of \$178,906"

INSERT: "we find that Cash Working Capital in the amount of (\$72,972) is reasonable and appropriate in this case, for a Total Working Capital Allowance of \$175,512"

Page 14, Line 10:

DELETE: "we find CCWC's FVRB to be \$26,838,702"

INSERT: "we find CCWC's FVRB to be \$26,835,308"

Page 30, Line 15:

DELETE: "With adjusted test year revenues of \$10,640,529, and adjusted test year operating expenses of \$8,477,330 including the adjustments discussed above, we find test year adjusted operating income to be \$2,163,199."

INSERT: "With adjusted test year revenues of \$9,014,985, and adjusted test year operating expenses of \$7,829,341 including the adjustments discussed above, we find test year adjusted operating income to be \$1,185,644."

Arizona Corporation Commission

DOCKETED

JUN 03 2014

DOCKETED BY

ORIGINAL

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

Page 37, Line 3:

DELETE: "Accordingly, a 4.565 cost of debt will be adopted in this proceeding"

INSERT: "In Decision No. 74388 we authorized a maximum effective interest rate on CCWC's refinanced debt of 5.152 percent per annum. That effective cost of debt was based on the total of the following: annual interest expense of 4.565 percent, the 0.537 percent interest rate equivalent of the continuing \$26,501 amortization of the issuance costs of CCWC's then-existing Industrial Development Authority ("IDA") bonds issued through the IDA of the County of Maricopa, and new debt issuance costs at a 0.05 percent interest rate. Accordingly, a 5.152 percent cost of debt will be adopted in this proceeding."

Page 41, Line 3:

DELETE: "4.565%" and "0.66%"

INSERT: "5.152%" and "0.74%"

Page 41, Line 5:

DELETE: "8.06%"

INSERT: "8.14%"

Page 41, Line 7:

DELETE: "The revenue requirement approved herein is \$10,640,529, which is an increase of \$1,625,544, or 18.03 percent, over adjusted test year revenues of \$9,014,985."

INSERT: "The revenue requirement approved herein is \$10,662,122, which is an increase of \$1,647,137, or 18.27 percent, over adjusted test year revenues of \$9,014,985."

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed	_____ Not Offered	_____ Withdrawn

Page 41, Line 9:

DELETE: "The rates adopted herein result in an approximate \$6.16 increase for the average usage (7,870 gallons per month) 3/4 inch water meter residential customer, from \$37.85 per month to \$44.01 per month, or approximately 16.28 percent."

INSERT: "The rates adopted herein result in an approximate \$6.25 increase for the average usage (7,870 gallons per month) 3/4 inch water meter residential customer, from \$37.85 per month to \$44.10 per month, or approximately 16.51 percent."

Page 42, Line 16:

DELETE: "As shown in Exhibit C, attached hereto and incorporated herein by reference, for 3/4-inch meter customers, we adopt a monthly minimum charge of \$20 per month and a first tier commodity rate from 0-3,000 gallons of \$2.32 per thousand gallons. The second tier rate, for usage from 3,001 gallons to 9,000 gallons, is \$3.50 per thousand gallons, and the third tier rate, for all usage over 9,000 gallons, is \$4.22 per thousand gallons."

INSERT: As shown in Exhibit C, attached hereto and incorporated herein by reference, for 3/4-inch meter customers, we adopt a monthly minimum charge of \$20 per month and a first tier commodity rate from 0-3,000 gallons of \$2.35 per thousand gallons. The second tier rate, for usage from 3,001 gallons to 9,000 gallons, is \$3.50 per thousand gallons, and the third tier rate, for all usage over 9,000 gallons, is \$4.25 per thousand gallons.

Page 59, Line 5:

DELETE: "CCWC's FVRB is \$26,838,702"

INSERT: "CCWC's FVRB is \$26,835,308"

Page 59, Line 6:

DELETE: "A rate of return of 8.06 percent"

INSERT: "A rate of return of 8.14 percent"

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

Page 59, Line 9:

DELETE: "\$6.16", "\$44.01" and "16.28 percent"

INSERT: "\$6.25", "\$44.10" and "16.51 percent"

Page 61, Line 4:

DELETE: "CCWC's FVRB is \$26,838,702"

INSERT: "CCWC's FVRB is \$26,835,308"

Page 61, Line 5:

DELETE: "A rate of return of 8.06 percent"

INSERT: "A rate of return of 8.14 percent"

Page 63, Line 9:

INSERT, after "Exhibit B": "for Commission review and approval"

Exhibit C:

DELETE: Entire Exhibit C

INSERT: Attached Replacement Exhibit C

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed	_____ Not Offered	_____ Withdrawn

MONTHLY MINIMUM CHARGE (All Classes):

3/4" Meter	\$ 20.00
3/4" Meter Residential Low Income	12.50
1" Meter	33.25
1" Meter Residential Low Income	25.75
1 1/2" Meter	67.00
2" Meter	107.00
3" Meter	213.00
4" Meter	333.00
6" Meter	667.00
8" Meter	1,067.00
10" Meter	1,533.00
12" Meter	2,867.00

Fire Sprinkler Service - All Meter and Valve Sizes

*

* 2.00 percent of monthly minimum for a comparable size meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

COMMODITY CHARGE – Per 1,000 Gallons:**3/4-Inch Meter – Residential and Commercial**

0 gallons to 3,000 gallons	\$ 2.35
3,001 gallons to 9,000 gallons	3.50
Over 9,000 gallons	4.25

1-Inch Meter – Residential and Commercial

0 gallons to 24,000 gallons	\$ 3.50
Over 24,000 gallons	4.25

1 1/2-Inch Meter – Residential and Commercial

0 gallons to 60,000 gallons	\$ 3.50
Over 60,000 gallons	4.25

2-Inch Meter – Residential and Commercial

0 gallons to 100,000 gallons	\$ 3.50
Over 100,000 gallons	4.25

3-Inch Meter – Residential and Commercial

0 gallons to 225,000 gallons	\$ 3.50
Over 225,000 gallons	4.25

4-Inch Meter – Residential and Commercial

0 gallons to 350,000 gallons	\$ 3.50
Over 350,000 gallons	4.25

6-Inch Meter – Residential and Commercial

0 gallons to 725,000 gallons	\$	3.50
Over 725,000 gallons		4.25

8-Inch Meter – Residential and Commercial

0 gallons to 1,125,000 gallons	\$	3.50
Over 1,125,000 gallons		4.25

10-Inch Meter – Residential and Commercial

0 gallons to 1,500,000 gallons	\$	3.50
Over 1,500,000 gallons		4.25

12-Inch Meter – Residential and Commercial

0 gallons to 2,250,000 gallons	\$	3.50
Over 2,250,000 gallons		4.25

Irrigation and Hydrants – All Meter Sizes

All Usage	\$	4.25
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SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable Pursuant to A.A.C. R14-2-405)

	Service Line	Meter Installation	Total
5/8" x 3/4" Meter	\$385.00	\$135.00	\$520.00
3/4" Meter	385.00	195.00	580.00
1" Meter	435.00	234.00	669.00
1 1/2" Meter	570.00	367.00	837.00
2" Turbine Meter	At Cost	At Cost	At Cost
2" Compound Meter	At Cost	At Cost	At Cost
3" Turbine Meter	At Cost	At Cost	At Cost
3" Compound Meter	At Cost	At Cost	At Cost
4" Turbine Meter	At Cost	At Cost	At Cost
4" Compound Meter	At Cost	At Cost	At Cost
6" Turbine Meter	At Cost	At Cost	At Cost
6" Compound Meter	At Cost	At Cost	At Cost
8" & Larger Meters	At Cost	At Cost	At Cost
Fire Sprinkler Service - All Meter and Valve Sizes			At Cost

MISCELLANEOUS SERVICE CHARGES:

Establishment	\$	30.00
Re-Establishment (Within 12 Months)		(a)
Reconnection (Delinquent)	\$	35.00
Meter Test (if correct)		35.00
Meter Re-read (if correct)		10.00
Moving Meter at Customer Request		At Cost
Deposit		(b)
Deposit Interest		6.00%
NSF Check	\$	25.00
Late Payment Penalty, Per Month		1.50%
Deferred Payment, Per Month		1.50%
After Hours Service Charge, Per Hour*	\$	40.00

(a) Number of full months off the system times the monthly minimum, per A.A.C. R14-2-403(D).

(b) Per A.A.C. R14-2-403(B). Residential - two times the average monthly bill. Non-residential - two and one half times the average monthly bill.

* For work performed on the customer's property after hours, at customer's request. In addition to the charge for any utility service provided.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX, PER A.A.C. R14-2-409(D)(5).